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Not five per cent of managements keep production accounts in such a way as to show real production conditions. Managements seem to feel that such accounts as are kept are for their private information. Now every workman who puts his creative ability into an industry has a right to an accounting in order to know the justice of his compensation. The purchasers of the products have a right to know production costs in order to judge the fairness of the price. There ought to be just as much publicity about the bases upon which prices and wages are determined as about prices and wages themselves. And yet we find steel companies challenging the authority

of a governmental agency to access to production costs!

The prerequisite to intelligent consideration of wage problems is full and complete knowledge of production accounts and distribution of incomes from producing establishments. We need that data over long-time periods so as to determine the results of managerial policies and to determine the curves of the relative allocations of income.

There should be a steady increase in the compensation allotted to creative ability if that ability is to be sustained. I urge as essential to more intelligent and more just wage determination, the development and the accessibility of production accounts and statistics.

Relative Rating Leaves the Main Industrial Problem Untouched

By A. J. PORTENAR

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IN our industrial system labor is a commodity, the Clayton Act to the contrary notwithstanding. It is therefore subject to the law of supply and demand, modified by monopoly and gentlemen's agreements on the one hand, and by the myriad variations of individual circumstances and individual temperament on the other. Individual workers being manifestly at a disadvantage, workmen are gravitating to the method of collective bargaining, not because they are then assured of just and properly graded bases of remuneration, but because they are then in a better position for haggling with their employers, according to the methods of the market place, without regard to that vague thing called justice, either in relation to employers or to each other.

This is elementary, as are some of your propositions. For example:

(1) Increases to one class of workers without corresponding increases to other classes of workers is at the expense of the latter.

(2) Increases to all classes of workers without increase of productivity is no increase to any of them.

(3) Increases to some classes of workers without increase of production, if of considerable proportion, lead eventually to decreased consumption and less employment.

There are other statements which are truisms. However, you must not think that I believe they should not on that account be stated: the right way is to begin at the logical beginning. But you have made some general statements which are at least debatable. For example:

The sum total of money incomes received during a given period is exchanged against

the sum total of goods produced and personal services rendered.

That statement is not true, as I shall later show.

Competition among rival producers . . . will bring the prices down.

This is only partially true: there are many artificial obstacles obstructing the unhindered operation of supply and demand—monopoly in any form, for instance.

There is not one standard of living; there are millions.

Here we have a statement technically correct, but essentially wrong. There is, within not very wide limits, a very distinct uniformity of standard of living among large groups of wage earners.

Answer this question correctly (adjustment of wage-rates between workers) and distributive justice as between groups of workers will be accomplished.

From my viewpoint this is a fallacious statement. If it can be done—and it is more than difficult—there would still be the necessity of adjusting return for capital invested in a “just” relation to wages. In other words, this is really the thing we have been fighting about for centuries. How much ought the boss to get and how much the worker? If we produce more, and then fight each other for jobs, the increased usufruct will be kept by the employer.

And the final test of the *relative* accuracy of any system of wage rates is their *relative* power of attracting and holding workers in the proportions in which they are wanted.

This admits of dispute. The use of the word “relative” gives a loophole. But as a dogmatic statement, without a lot of qualifying “ifs” and “buts,” it will not do. There are many factors besides wages which influence selection

of jobs by workers when they happen to be in a position to choose.

Relative ratings.

If relative ratings are the arbitrary product of an engineer's calculations, I should not want his end of putting it over—not on organized workers. In that connection I refer to your reference to structural steel workers, miners and drop forgers. Yet you must know from experience how much the employer cares about either danger or hardship for his employes as long as the “iron law of wages” makes them risk one and accept the other. Of course, a mathematical solution attracts an engineer, but the outstanding defect of his method is that he takes the labor factor and treats it in the same way as he does machines and products.

Performance standards.

In other words, piece work! Now piece work *vs.* time work is in itself so big a controversial subject that I will not start to argue what I cannot finish. The remainder of the article, which is connected with this phase of the subject, could also be argued at length. But I will say this much: If you did succeed in making relative rates of remuneration, you would still have the industrial controversy if everything else was left unchanged.

But you casually put your finger on one of the fundamentals in an earlier passage, where you say:

On the contrary, the landowners have the power to advance money rent rates to the point that they can get the same proportion of the total social product as before.

Here you have concealed a whole volume within one sentence. You know what unearned increment is—how everything that men do finds its eventual and *permanent* expression in increased land values. That is what I

referred to above when I stated that I would show to be untrue your statement that "the sum total of money incomes received during a given period is exchanged against the sum total of goods produced and personal services rendered." People live as well as they can, but there is still an unconsumed increment and that is absorbed in land values. Build a subway or a sewer, a railroad or a factory, the eventual result is the same—a larger productivity and a larger return to the lord of the land. It is no answer to say that one owner sold to another, and the new owner paid the bigger price. The old owner collected his unearned increment, and the new owner charges the price on his investment account and gets a return on it. Maybe he also sells and the process is repeated. If he does not sell, he charges the increased value and gets the return himself. All the while, the more we increase in numbers and productivity, the more we dump into the bottomless pit known as economic rent. Before the employer *as such* and his workers have anything to divide, they must pay the non-productive landowner for the privilege of producing. The more he

gets, the less there is for them to divide on any basis.

I am painfully aware that I have not said anything in all this discussion that definitely assists in the solution of the particular problem you present. The subject involves psychological as well as other factors: status as well as cost of living. For the moment, and until great changes are made, both in the mechanism of industrial society and the psychology of the human beings involved, I can see no better way of adjustment than the way in which it is accomplished now—by agreement between groups if possible, and by fighting for it when we must; voting for it when we have sense enough to abolish the underlying causes of dissatisfaction.

If the results of your "relative rating" and the union scale coincide closely, there will not be any trouble at that moment. If you let us in on the making of it, it will lubricate the process. But my conclusion is that no purely mechanical scheme can have any but a limited success, according to surrounding circumstances, and, under some circumstances, no success at all.

The Requirements of a Policy of Wage Settlement

By HERBERT FEIS

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ALL fruitful discussion must be launched from a point of emphasis, and in the preceding article Dr. Mitchell seems to me to have launched the discussion of wage settlement from the proper one. That is the emphasis it places upon the fact that all incomes are governed in the main by the total volume of the product, and tend to vary with variations in this total; tending to rise when the volume of the product of industry increases, and tend-

ing to fall when the total volume of product decreases. With that emphasis, and the conclusion it suggests, that high real wages are possible only in a country in which the general level of productiveness is high, there can be no quarrel. Once beyond that point of emphasis, however, I am compelled to differ with many of the conclusions he reaches in regard to a proper basis of wage settlement.

The chief differences I wish to make